

CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION

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**BEFORE THE COMMISSIONER OF THE DEPARTMENT OF INSURANCE
OF THE STATE OF CALIFORNIA, SAN FRANCISCO**

In the Matter of the Licenses and Licensing
Rights of

HARTFORD LIFE AND ACCIDENT
INSURANCE COMPANY

HARTFORD LIFE AND ANNUITY
INSURANCE COMPANY

HARTFORD LIFE INSURANCE
COMPANY,

Respondents.

File No. UPA-2008-00003

ORDER TO SHOW CAUSE

(Ins. §§ 790.03 and 790.05);

STATEMENT OF CHARGES/ACCUSATION
(Ins. §§ 790.03 and 790.05);

and,

NOTICE OF MONETARY PENALTY
(Ins. §§ 790.03, 790.05 and 790.035).

ORDER TO SHOW CAUSE

WHEREAS, the Insurance Commissioner of the State of California (hereafter, “the Commissioner”) has reason to believe that HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY, HARTFORD LIFE AND ANNUITY INSURANCE COMPANY and HARTFORD LIFE INSURANCE COMPANY have engaged in or is engaging in this State in the unfair methods of competition or unfair or deceptive acts or practices, and other unlawful acts set forth in the STATEMENT OF CHARGES/ACCUSATION contained herein;

WHEREAS, the Commissioner has reason to believe that a proceeding with respect to the alleged acts of Respondents would be in the public interest;

1 NOW, THEREFORE, and pursuant to the provisions of Section 790.05 of the California
2 Insurance Code, Respondents are ordered to appear before the Commissioner on a date and time
3 to be determined and show cause, if any cause there be, why the Commissioner should
4 not issue an Order to Respondents requiring Respondents to Cease and Desist from engaging in
5 the methods, acts and practices set forth in the STATEMENT OF CHARGES/ACCUSATION
6 contained herein and imposing the penalties set forth in Section 790.035 and referenced herein.
7

8 **STATEMENT OF CHARGES/ACCUSATION**

9 1. At all times set forth herein, Respondents have each held a Certificate of Authority
10 issued by the Insurance Commissioner to transact life and disability insurance.

11 2. The Market Conduct examination reflects 63 violations found in the review of 312
12 files. Specifically, the examination revealed the following:

13 a. In 20 instances, Hartford Life and Accident Insurance Company and in 1 instance,
14 Hartford Life Group Insurance Company failed to include a statement in its claim denial that, if
15 the claimant believed the claim had been wrongfully denied or rejected, he or she could have the
16 matter reviewed by the California Department of Insurance in violation of Title 10, Chapter 5,
17 California Code of Regulations Section 2695.7(b)(3).

18 b. In 4 instances, Hartford Life and Accident Insurance Company failed to conduct
19 and diligently pursue a thorough, fair and objective investigation of a claim, in violation of Title
20 10, Chapter 5, California Code of Regulations Section 2695.7(d).

21 c. In 4 instances, Hartford Life and Accident Insurance Company failed to
22 acknowledge notice of claim within 15 calendar days, in violation of Title 10, Section 5,
23 California Code of Regulations Section 2695.5(e)(1).

24 d. In 2 instances, Hartford Life and Accident Insurance Company failed to effectuate
25 prompt, fair and equitable settlements of claims in which liability had become reasonably clear, in
26 violation of California Insurance Code Section 790.03(h)(5).
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1 e. In 1 instance, Hartford Life and Accident Insurance Company's and in 1 instance,
2 Hartford Life Group Insurance Company's claim files failed to contain all documents, notes and
3 work papers that pertained to the claim, in violation of Title 10, Section 5, California Code of
4 Regulations Section 2695.3(a).

5 f. In 1 instance, Hartford Life and Accident Insurance Company failed to provide a
6 written basis for the denial of a claim, in violation of Title 10, Section 5, California Code of
7 Regulations Section 2695.7(b)(1).

8 g. In 9 instances, Hartford Life and Accident Insurance Company failed to represent
9 correctly to claimants pertinent facts or insurance policy provisions relating to a coverage at issue,
10 in violation of California Insurance Code Section 790.03(h)(3).

11 h. In 3 instances, Hartford Life and Accident Insurance Company failed to adopt and
12 implement reasonable standards for the prompt investigation and processing of claims arising
13 under its insurance policies, in violation of California Insurance Code Section 790.03(h)(3).

14 i. In 9 instances, Hartford Life and Accident Insurance Company failed to pay
15 interest on a claim that remained unpaid longer than 30 days from the date of death, in violation
16 of California Insurance Code Section 10172.5.

17 j. In 4 instances, Hartford Life and Accident Insurance Company and in 1 instance,
18 Hartford Life and Annuity Insurance Company failed to conduct its business in its own name, in
19 violation of California Insurance Code Section 880.

20 k. In 1 instance, Hartford Life and Accident Insurance Company and in 1 instance,
21 Hartford Life and Annuity Insurance Company failed to notify the beneficiary the specified rate
22 of interest paid on the death benefit, in violation of California Insurance Code Section 10172.5(c).

23 l. In 1 instance, Hartford Life and Accident Insurance Company failed to pay interest
24 on a benefit payment, unpaid longer than 30 days from receipt of the information needed to
25 determine liability, in violation of California Insurance Code Section 10111.2(c).

26 **PRAYER**

27 3. WHEREFORE, Petitioner prays for judgment against Respondents as follows:

28 a. An Order to Cease and Desist from engaging in such unfair acts or

1 practices in violation of CIC Section 790.03 and the regulations promulgated pursuant to
2 CIC Section 790.10 as set forth above;

3 b. Pursuant to CIC Section 790.035, for willful acts in violation of CIC
4 Section 790.03 and CCR, Title 10, Chapter 5, Subchapter 7.5, Sections 2695.1 through 2695.14,
5 as set forth above, a penalty in an amount to be fixed by the Commissioner not to exceed ten
6 thousand dollars (\$10,000.00) for each act; and for each unfair or deceptive act or practice not
7 found to be willful, a penalty in an amount to be fixed by the Commissioner not to exceed five
8 thousand dollars (\$5,000.00) for each act.

9c. c. For failing to pay interest on a claim that remained unpaid longer than 30
10 days, interest at a rate not less than the then current rate of interest on death proceeds left on
11 deposit with Respondents computed from the date of the insured's death, on any moneys payable
12 and unpaid after the expiration of the 30-day period.

13d. d. For failing to make payment of benefits to the insured within 30 calendar
14 days after receiving all information needed to determine liability for a claim, interest, beginning
15 the 31st day, at the rate of 10 percent per year.

17 Dated:

18 STEVE POIZNER
19 Insurance Commissioner

20 By _____
21 Risa Salat-Kolm
22 Senior Staff Counsel
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